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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 18 SEPTEMBER 1973 Number 2

Released Pursuant to §1000.3 and §1090.85, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - SEPTEMBER 1973

The Chattanooga Order MINIMUM uniform producer price is $8.28 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 9.6 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of $1.56 above September 1972 and an increase of 54 cents above August 1973.

In September 1973, 90.4% of producer milk received by pool plants was priced in Class I at $8.37 per cwt. and 9.6% was priced in Class II at $6.91 per cwt. for milk testing 3.5% butterfat. The September handler butterfat differential for Class I was 9.4 cents and Class II was 9.9 cents.

Total producer milk received at pool plants during September 1973 was 22,408,769 pounds which is a decrease of 16,281,800 pounds or a daily average decrease of 42.1% compared with September 1972. The September daily average deliveries from 567 producers was 1,317 pounds. This compares to 786 farms delivering a daily average of 1,641 pounds per day during September 1972.

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USDA MILK PRICE DECISION

The U. S. Department of Agriculture (USDA) on October 17 recommended that no further action be taken for this fall and winter to change fluid milk (Class I) price paid to farmers under all Federal milk marketing orders. This decision is based on a public hearing held August 28-30 and September 18-19 in Clayton, Mo., to review levels of fluid milk prices to farmers, and to determine emergency price action needed to help assure continued adequate supplies of milk.

Based on the August 28-30 hearing session, a 60-cent per hundredweight increase in Class I prices that milk order price formulas would have provided October 1 was made effective three weeks earlier on September 9, because of a rise in milk production costs and a drop in milk production.

Now, however, the milk order price formulas, without being changed, will result in an additional price increase of 53 cents per hundredweight for November, and feed prices have declined to some extent. Thus, the milk order basic formula price (average pay price in Minnesota and Wisconsin for manufacturing grade milk) is responding to current supply and demand conditions.

A copy of the Recommended Decision is expected to appear in the Federal Register on October 23. Interested parties will have until November 12, 1973 to file written exceptions.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Sept.'73 Over Sept.'72	Sept. 1973	Aug. 1973	Sept. 1972
Number of Plants - Pool		3	4	7
- Non-Pool		13	13	13
RECEIPTS POUNDS (DAILY AVERAGE)				
Producer Milk	-42.1	746,959	774,453	1,289,686
Other Source	+257.4	115,688	51,170	32,367
Other Federal Orders	-15.6	92,071	79,666	109,111
TOTAL MILK RECEIPTS	-33.3	954,718	905,289	1,431,164
UTILIZATION POUNDS (DAILY AVERAGE)				
Class I Uses				
Homo Milk	-20.1	408,237	388,494	510,895
Skim	-10.1	21,265	20,469	23,651
2% Milk	+ 1.4	161,585	158,158	159,387
Buttermilk	-14.3	53,780	54,721	62,754
Flavored Milk and Drink	- 8.6	26,727	25,384	29,226
Creams (Sweet and Sour) and Dip	-10.6	3,370	3,467	3,771
Yogurt	-33.5	399	365	600
Pkg. Items Sub-Total (Pool Plants)	-14.5	675,363	651,058	790,284
Other (Shrinkage, Inventory, etc.)		1,740	(2,508)	2,545
Sales to Non-Pool Plants		-0-	-0-	279,110
In-Area Sales by Non-Pool Plants	+112.7	109,847	94,387	51,644
TOTAL CLASS I MILK	-30.0	786,950	742,937	1,123,583
Class II Uses - Pool Plants				
Ice Cream Mixes	+ 1.1	63,115	68,114	62,436
Livestock Feed and Milk Dumped		4,905	5,085	9,118
Shrinkage Class II		16,534	12,084	17,722
Other (Inv. Variation, Cottage Cheese, etc.)		75,415	61,435	50,256
Bulk Sales to Non-Pool Plants		7,799	15,634	168,049
TOTAL CLASS II MILK	-45.5	167,768	162,352	307,581
CLASS I PACKAGED POUNDS				
Distributed In Area - Pool Plants	-13.9	475,672	457,456	552,238
Distributed Out of Area - Pool Plants	-16.1	199,691	193,602	238,046
Distributed In Area - Non-Pool Plants	+112.7	109,847	94,387	51,644
% Producer Milk of Gross Class I		94.9	104.2	114.8
% Producer Milk Priced in Class I		90.4	83.7	78.6

TOTAL PACKAGE CLASS I POUNDS (DAILY AVERAGE) ON ROUTES IN THE MARKETING AREA BY POOL PLANTS AND NON-POOL PLANTS

PACKAGE ITEMS	% Sept.'73 Over Sept.'72	Sept. 1973	Aug. 1973	Sept. 1972
Homo Milk	- 8.1	372,467	345,921	405,257
Skim	- 1.1	16,420	16,007	16,602
2% Milk	+14.7	121,522	117,720	105,976
Buttermilk	- 5.2	47,145	47,288	49,745
Flavored Milk and Drink	+ 7.1	24,558	21,532	22,937
Fluid Creams and Yogurt	+ 1.2	3,407	3,375	3,365
Class I Package Pounds - In Area	- 3.0	585,519	551,843	603,882

COMPUTATION OF PRODUCER UNIFORM PRICE

SEPTEMBER 1973	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		23,608,499	2.804		
Less Other Source		3,352,637	2.834		
Producer Milk Class I	90.4	20,255,862	2.798558	$7.710645	$1,561,857.61
Gross Class II		5,033,038	4.946		
Less Other Source		2,880,131	0.059		
Producer Milk Class II	9.6	2,152,907	11.482939	$14.813110	318,912.48
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	22,408,769	3.632904		$1,880,770.09
Less Fractional Adjustment					.15
Add Value of Class I Other Source and Producer Location Adjustment		7,449	0.00		378.41
Add ½ Producer-Settlement Fund Reserve					12,408.81
TOTAL VALUE AT TEST		22,416,218	3.631696	$8.447264	$1,893,557.16
Less Test over 3.5% @ 9.6¢ per point		22,416,218	.131696	.126428	28,340.38
TOTAL UTILIZATION VALUE AT 3.5%		22,416,218	3.5	$8.320836	$1,865,216.78
Less Producer-Settlement Fund Reserve		22,416,218		.040836	9,153.89
PRODUCER UNIFORM PRICE - 3.5% TEST		22,416,218		$8.28	$1,856,062.89

SEPTEMBER 1973 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 9.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	$7.80	3.75	$8.52	4.5	$9.24	5.25	$ 9.96
3.05	7.848	3.8	8.568	4.55	9.288	5.3	10.008
3.1	7.896	3.85	8.616	4.6	9.336	5.35	10.056
3.15	7.944	3.9	8.664	4.65	9.384	5.4	10.104
3.2	7.992	3.95	8.712	4.7	9.432	5.45	10.152
3.25	8.04	4.0	8.76	4.75	9.48	5.5	10.20
3.3	8.088	4.05	8.808	4.8	9.528	5.55	10.248
3.35	8.136	4.1	8.856	4.85	9.576	5.6	10.296
3.4	8.184	4.15	8.904	4.9	9.624	5.65	10.344
3.45	8.232	4.2	8.952	4.95	9.672	5.7	10.392
3.5	8.28	4.25	9.00	5.0	9.72	5.75	10.44
3.55	8.328	4.3	9.048	5.05	9.768	5.8	10.488
3.6	8.376	4.35	9.096	5.1	9.816	5.85	10.536
3.65	8.424	4.4	9.144	5.15	9.864	5.9	10.584
3.7	8.472	4.45	9.192	5.2	9.912	5.95	10.632

PRODUCER MILK BASE NOTICE

Each producer for the Chattanooga marketing area began September 1, 1973, to establish a new milk base to be used in making payment to such producer during the months of March through July 1974. The 1974 daily average base will be computed by dividing each producer's total Grade A milk deliveries to a handler(s) during September 1, 1973 through January 31, 1974 by the number of days from the first day of delivery during such months to the last day of January, inclusive, but by not less than 120 days. Producers will be paid a uniform price for their total milk deliveries during August 1973 through February 1974. A producer base is assigned to the name (payroll account) as reported by the handler receiving the milk. Producers, particulary partnerships, are urged to see that their name(s) are correctly listed with the receiving plant and the Market Administrator.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight Uniform	Base	Excess	Bf. Dif.	HANDLER CLASS PRICES 1/ Class I Cwt.	Class I Bf. Dif.	Class II Cwt.	Class II Bf. Dif.
Sept.'72	$6.72	-	-	8.2¢	$7.16	8.3¢	$5.10	8.1¢
Oct.	6.73	-	-	8.2	7.22	8.4	5.18	8.0
Nov.	6.92	-	-	8.2	7.25	8.3	5.32	8.0
Dec.	6.91	-	-	8.2	7.33	8.3	5.41	8.1
Jan.'73	6.90	-	-	8.2	7.47	8.5	5.43	7.8
Feb.	7.10	-	-	8.0	7.56	8.1	5.45	7.8
Mar.	6.95 2/	$7.07	$5.55	7.8	7.58	8.1	5.55	7.4
Apr.	6.80 2/	6.95	5.63	7.4	7.60	7.7	5.63	7.1
May	6.94 2/	7.10	5.66	7.2	7.70	7.4	5.66	7.0
June	7.10 2/	7.24	5.73	7.2	7.78	7.3	5.73	7.0
July	7.32 2/	7.44	5.78	7.4	7.81	7.3	5.78	7.3
Aug.	7.74	-	-	8.0	7.88	7.6	6.38	9.0
Sept.	8.28	-	-	9.6	8.37	9.4	6.91	9.9
Oct.	-	-	-	-	8.53	10.3	-	-
Nov.	-	-	-	-	9.06	-	-	-

Date	PRICE QUOTATIONS Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ L.	Minn/Wisc. Mfg. Milk Cwt.-3.5%	PRODUCER MILK USE (Daily Average) Class I Pounds	Class I Test-%	Class II Pounds	Class II Test-%	Percentage Use Cl.I	Cl.II
Sept.'72	70.25	31.83	$5.10	1,013,082	3.21	276,604	5.24	78.6	21.4
Oct.	69.38	33.70	5.18	988,985	3.21	302,983	5.74	76.5	23.5
Nov.	69.29	34.99	5.32	981,185	3.17	198,072	7.50	83.2	16.8
Dec.	70.49	37.36	5.41	920,115	3.15	254,774	6.93	78.3	21.7
Jan. '73	67.72	39.06	5.43	885,877	3.04	316,704	6.53	73.7	26.3
Feb.	67.71	40.34	5.45	959,795	3.09	267,892	7.19	78.2	21.8
Mar.	64.17	41.99	5.55	888,264	3.01	373,861	5.92	70.4	29.6
Apr.	61.58	43.98	5.63	767,656	3.02	540,208	4.95	58.7	41.3
May	61.00	45.20	5.66	793,404	2.93	484,871	4.80	62.1	37.9
June	61.00	45.24	5.73	779,652	2.98	407,557	4.87	65.7	34.3
July	63.43	45.51	5.78	763,373	3.03	247,383	5.55	75.5	24.5
Aug.	78.15	47.96	6.38	647,883	2.89	126,570	7.38	83.7	16.3
Sept.	85.94	50.07	6.91	675,195	2.80	71,764	11.48	90.4	9.6

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/ No. Hdler	Total Receipts	Class I Use	Pool Plants	PRODUCER DATA No. Prod.	Total Delivery	Base Delivery	Average Test-%	Av.Per Farm
Sept.'72	20	1,431,164	1,123,583	7	786	1,289,686	-	3.64	1,641
Oct.	19	1,440,419	1,096,711	7	778	1,291,968	-	3.80	1,661
Nov.	18	1,306,518	1,054,189	7	722	1,179,257	-	3.90	1,633
Dec.	19	1,295,846	981,606	7	723	1,174,889	-	3.97	1,625
Jan.'73	18	1,301,289	958,995	6	769	1,202,581	-	3.96	1,564
Feb.	18	1,315,283	1,026,601	6	745	1,227,687	-	3.99	1,648
Mar.	18	1,354,127	956,276	6	739	1,262,125	1,162,997	3.87	1,708
Apr.	18	1,412,799	839,607	6	732	1,307,864	1,162,188	3.82	1,787
May	18	1,367,832	861,685	6	726	1,278,275	1,140,405	3.64	1,761
June	18	1,273,527	843,702	6	720	1,187,209	1,076,817	3.63	1,649
July	17	1,128,476	857,423	4	630	1,010,756	938,848	3.64	1,604
Aug.	17	905,289	742,937	4	601	774,453	-	3.63	1,289
Sept.	16	954,718	786,950	3	567	746,959	-	3.63	1,317

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I